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SUBJECT: LIAONING AND SHENYANG PARTY CHIEFS ON GOVERNANCE,
NORTH KOREAN BORDER-CROSSERS, DEVELOPMENT CHALLENGES

REF: SHENYANG 44

Classified By: AMBASSADOR CLARK T. RANDT, JR. REASONS: 1.4(b/d).

¶1. (C) SUMMARY: At a meeting with the Ambassador in Shenyang, Liaoning Province's new Party Secretary, Zhang Wenye, explained that high-level attention from Beijing, a booming economy and growing revenue expansion are bankrolling Liaoning Province's efforts to address key social-stability issues. Liaoning "understands American concerns" about the repatriation of North Koreans arrested in the province, but "firmly opposes" such "illegal" behavior and will handle these incidents according to domestic Chinese law, international law and humanitarian principles - a slightly softer formulation than we have heard here before. On economic issues, provincial and local officials remain thirsty for further American trade and investment even as economic ties with the United States reach new heights on the back of investments by the likes of Intel, General Electric and Goodyear. END SUMMARY.

¶2. (SBU) During a two-day visit to Shenyang, the Ambassador met April 14 with Liaoning Party Secretary Zhang Wenye, the province's Governor until late last year, and with Zeng Wei, Shenyang's newly-appointed Party Secretary.

"REVITALIZATION" AND ITS CHALLENGES

¶3. (SBU) Into its fifth year, Beijing's "Revitalize the Northeast" initiative is bearing fruit in Liaoning Province, which has registered double-digit "GDP" growth of over 12 percent per annum since 2004; a rapid 14.5-percent increase in 2007 pushed the province's per capita "GDP" above USD 3200, Zhang Wenye told the Ambassador. Concomitant, sustained record increases in provincial revenue, which expanded by twenty percent last year, have allowed provincial authorities to focus on--and adequately fund policy measures for--what Zhang identified as the province's most pressing challenges: providing housing to those in need; mitigating unemployment, especially for laid-off government workers; and raising living standards by tending to "minsheng" (people's livelihood) issues.

¶4. (SBU) A massive slum-renovation initiative--launched several years ago and typically credited to former Liaoning Party Secretary, and now-Vice Premier, Li Keqiang--has built new low-cost housing for over 1.3 million people, or 420,000 households in this province of roughly 40 million. Re-employment initiatives, free job-training programs and private-sector expansion in recent years have landed jobs for large numbers of workers laid off in the 1990s by many of the province's state-owned enterprises, Zhang claimed. Lay-offs once numbered as high as 2.5 million, but Liaoning has found new jobs for 1.78 million such laid-off workers; by the end of 2007, official unemployment dropped to 4.23 percent, or under 700,000. As for "minsheng" issues, boosting spending on education, anti-poverty measures,

health care, social security and environmental protection remains the key priority. High-speed growth notwithstanding, Zhang acknowledged that Liaoning still has v.>Q,s to " and would need a "long time" to resolve these issues. Speaking to similar challenges at the municipal level, Zeng Wei also put a premium on resolving "minsheng" issues like health, housing, and employment.

LIAONING "FIRMLY OPPOSES" NORTH KOREAN BORDER-CROSSERS

15. (C) Responding to queries from the Ambassador regarding North Korea, with which Liaoning Province shares a long border, Zhang emphasized that border stability remains a paramount concern. In response to the Ambassador's caution that the United States remains concerned about ongoing reports of North Korean border-crossers in Liaoning Province being repatriated to the DPRK, Zhang used a slightly softer formulation than we have heard here before, saying he "understands American concerns" but "firmly opposes" such "illegal" behavior and will handle these incidents according to domestic Chinese law, international law and humanitarian principles.

JUDGING (DIS)SATISFACTION: OPINION AND FEEDBACK

16. (C) Asked how he discerns popular opinion and Liaoning residents' satisfaction with his policies, Zhang explained that he makes use of a number of channels. These include monthly, or weekly, visits by government officials to "ordinary citizens"; correspondence from his charges (Zhang claimed to have personally opened over 4000 letters from citizens since 2004, making notes and referring them to subordinates for action); commentary in web-based and traditional print media; a provincial government website,

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where netizens can leave comments; and--during his previous posting--the online "Governor's Inbox" (which he claimed to personally access on a regular basis).

CALLS FOR MORE U.S. TRADE AND INVESTMENT

17. (U) On economic issues, Zhang Wenyue and Zeng Wei both offered sunny appraisals of trade and investment ties with the United States. Bilateral trade between Liaoning Province topped USD 2.1 billion in 2007, making the United States one of the province's top trading partners. The United States is also a major investor in the province, which is currently home to roughly 4500 American-funded enterprises, with contracted foreign direct investment in excess of USD 14.4 billion (USD 4.4 billion used).

BIO NOTES

18. (C) ZHANG WENYUE. Zhang, 63 and close to retirement (see reftel for profile), recalled growing up in an impoverished household, one reason he said he hopes to continue to focus on "minsheng" issues, a key priority of the Hu Jintao/Wen Jiabao administration. Zhang's wife and two children still live in Beijing, where between 1990 and 1995 he served as a Vice Minister of Geology and Mineral Resources. His son is an architect for a firm under the Ministry of Construction and was involved in the design of the "Bird's Nest," Beijing's new main Olympic stadium. His daughter is an internist apparently quite attentive to her father's blood pressure and wardrobe. Zhang recalled that he traveled to the United States in 2004 and enjoyed watching the presidential debates on television and a long conversation there with Dr. Henry Kissinger. A geologist by training, Zhang rattled off detailed statistics about U.S. mineral reserves with ease.

19. (C) ZENG WEI. Zeng, 51, is a Communist Youth Leaguer who worked his way up the Liaoning Party apparatus starting in Dalian in the late 1970s. After transferring to Shenyang

to assume provincial-level postings on the government side, Zeng became Party Secretary of Panjin, near Shenyang, in [1](#)2002. He returned to Shenyang two years later to become Secretary General for the Liaoning Party Committee, the

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launching pad for his appointment in early 2008 as Party Secretary of Shenyang. Zeng is polished, at ease and

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seemed eager to show off a close relationship with Li Keqiang, whom he referred to by Li's first name.

WICKMAN